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13
14 **UNITED STATES DISTRICT COURT**
NORTHERN DISTRICT OF CALIFORNIA
15 **SAN FRANCISCO DIVISION**

16 FREE STREAM MEDIA CORP.
d/b/a SAMBA TV,

17
18 Plaintiff,

19 v.

20 ALPHONSO INC., ASHISH CHORDIA,
RAGHU KODIGE, and LAMPROS
KALAMPOUKAS,

21 Defendants.
22
23

Case No. 17-cv-02107-RS

**DEFENDANTS' NOTICE OF MOTION
AND MOTION TO DISMISS
PLAINTIFF'S FIRST AMENDED
COMPLAINT; MEMORANDUM OF
POINTS AND AUTHORITIES IN
SUPPORT THEREOF**

Date: August 31, 2017
Time: 1:30 p.m.
Place: Courtroom 3, 17th Floor
Judge: Hon. Richard Seeborg

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NOTICE OF MOTION AND MOTION

PLEASE TAKE NOTICE that on August 31, 2017, at 1:30 p.m., or as soon thereafter as the matter may be heard, in the courtroom of the Honorable Richard Seeborg, United States District Court, 450 Golden Gate Avenue, San Francisco, CA 94102, Defendants Alphonso, Inc. (“Alphonso”), Ashish Chordia, Raghu Kodige, and Lampros Kalampoukas (collectively, the “Individual Defendants” and, with Alphonso, “Defendants”) will and do hereby move, pursuant to Federal Rule of Civil Procedure 12(b)(6),¹ that the Court dismiss with prejudice claims for direct and induced infringement of U.S. Patent No. 9,386,356 (the “‘356 patent”) asserted by Plaintiff Free Stream Media Corp. d/b/a Samba TV (“Samba”) in its First Amended Complaint for Patent Infringement (ECF No. 166) (“FAC”), on the ground that the asserted claims are invalid as a matter of law under 35 U.S.C. § 101 for lack of patentable subject matter. The Individual Defendants further request that the Court dismiss with prejudice Samba’s claims against them for induced infringement of U.S. Patent No. 9,026,668 (the “‘668 patent”) and the ‘356 patent and for enhanced damages for failure to plead facts sufficient to state a claim.

This motion is based on this Notice of Motion and Motion to Dismiss, the following Memorandum of Points and Authorities, the concurrently-filed Request for Judicial Notice (“RJN”), Declaration of Valerie Roddy (“Roddy Decl.”), the pleadings, and such other papers and arguments as may be submitted to the Court.

INTRODUCTION

Samba’s claims for infringement of the ‘356 patent should be dismissed because the ‘356 patent claims nothing more than the abstract idea of selecting and sending targeted data to a

¹ Although Alphonso answered Samba’s original complaints, post-answer motions to dismiss under Rule 12(b)(6) in response to an amended complaint are allowed, especially where, as here, the defense asserted was raised in the answer. *See, e.g., Aldabe v. Aldabe*, 616 F.2d 1089, 1093 (9th Cir. 1980) (district court “properly considered” post-answer motion to dismiss under Rule 12(b)(6)); *Chao v. Aurora Loan Servs., LLC*, No. C 10-3119 SBA, 2013 WL 5487420, at *4 (N.D. Cal. Sept. 30, 2013) (citing cases); *Koller v. West Bay Acquisitions, LLC*, No. C 12-001117 CRB, 2012 WL 2862440, *4 (N.D. Cal. July 11, 2012); Answer, ECF No. 9, Defenses ¶¶ 1, 3 (Dec. 30, 2015); ECF No. 5, No. 17-cv-2108 (N.D. Cal.), ¶¶ 31, 33 (July 26, 2016). Alphonso did not move to dismiss the original complaint to preclude any argument that patent eligibility depended on yet-to-be determined claim constructions, which have since been decided.

1 person’s mobile phone or tablet, based on information gathered about the person, such as what the
2 person has watched on TV. This basic targeting concept is nearly as old as the advent of
3 advertising itself. Indeed, “customizing information based on [] information known about the
4 user” is “a fundamental ... practice long prevalent in our system.” *Intellectual Ventures I LLC v.*
5 *Capital One Bank (USA)*, 792 F.3d 1363, 1369 (Fed. Cir. 2015) (“*IV I*”) (quoting *Alice Corp. Pty.*
6 *v. CLS Bank Int’l*, 134 S. Ct. 2347, 2356 (2014)). As other cases have held in invalidating similar
7 ad targeting patent claims, “[t]ailoring of content based on information about the user . . . is an
8 abstract idea that is as old as providing different newspaper inserts for different neighborhoods.”
9 *Affinity Labs of Texas v. Amazon*, 838 F.3d 1266, 1271 (Fed. Cir. 2016). “The concept of
10 gathering information about one’s intended market and attempting to customize the information
11 then provided is as old as the saying, ‘know your audience.’” *OpenTV, Inc. v. Netflix, Inc.*, 76 F.
12 Supp. 3d 886, 893 (N.D. Cal. Dec. 16, 2014) (Seeborg, J.).

13 To be patent-eligible under 35 U.S.C. § 101, claims must do something “significantly
14 more” than simply describe an abstract idea: there must be an “inventive concept” to make it
15 patentable. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 73, 77 (2012).
16 Here, the claims provide nothing more than the abstract idea itself. Just like a clerk in a bookstore
17 might recommend a book to a customer based on other books the customer has enjoyed, the
18 asserted claims cover common and obvious steps for selecting and sending targeted information,
19 such as identifying content a person is watching, matching that content with other relevant
20 content, and sending the matched data to the person’s mobile device. Advertising-based claims
21 that “simply instruct the practitioner to implement the abstract idea with routine, conventional
22 activity” do not “transform the nature of the claim into patent-eligible subject matter.”
23 *Ulramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014). The inclusion of coined
24 terms that the specification admits can be just one or more computers (like “relevancy matching
25 server,” “pairing server,” and “content identification server”) or the fancy-sounding “sandboxed
26 application” (that can be as basic and commonplace as a web browser) does not save the asserted
27 claims; a generic computing component by any other name is just as generic.

28 Abstract ideas are “basic tools of scientific and technological work” and “free to all men

1 and reserved exclusively to none.” *Prometheus*, 132 S. Ct. at 1293. By broadly claiming an age-
2 old abstract idea, the ‘356 patent improperly preempts the use of general purpose computers to
3 identify and send targeted ads related to some aspect of the intended recipient. Tying up future
4 uses and inhibiting new discoveries is the exact problem that the Supreme Court’s prohibition on
5 claiming abstract ideas is intended to avoid. *See Alice*, 134 S. Ct. at 2358.

6 All claims against the Individual Defendants (Counts III-VIII) should be dismissed on the
7 additional ground that Samba has failed to plead facts sufficient to state a claim for induced
8 infringement. The FAC essentially alleges that the Individual Defendants performed, directed,
9 ordered, approved and/or induced the making, use, sale and/or offer for sale of the accused
10 technology. This provides no more notice to the Individual Defendants of what they allegedly did
11 than is provided by the statutory elements themselves. Numerous courts have dismissed induced
12 infringement claims based on such conclusory allegations. In the event the Court does not dismiss
13 all claims against the Individual Defendants, Samba’s request for enhanced damages against them
14 should be dismissed because Samba has failed to plead egregious behavior to support such an
15 award, as required by *Halo Electronics, Inc. v. Pulse Electronics, Inc.*, 136 S. Ct. 1923 (2016).

16 **STATEMENT OF ISSUES TO BE DECIDED**

17 This motion presents the following issues to be decided: (1) Whether the FAC fails to state
18 a claim for infringement of the ‘356 patent because the asserted claims are invalid as a matter of
19 law under 35 U.S.C. § 101 for failure to recite patentable subject matter; (2) whether the FAC
20 should be dismissed as to the Individual Defendants because it fails to plead sufficient facts to
21 state a claim for induced infringement or enhanced damages; and (3) whether any leave to amend
22 should be conditioned on payment of Defendants’ fees for this motion where Samba failed to
23 allege any specific facts supporting its claims against the Individual Defendants despite ample
24 discovery, competent counsel, and forewarning that any amended pleading would be challenged.

25 **RELEVANT FACTUAL BACKGROUND**

26 **A. Procedural Background**

27 On November 6, 2015, Samba sued Alphonso for infringement of the ‘668 patent in the
28 United States District Court for the Eastern District of Texas. On July 5, 2016, Samba filed a

1 second action alleging Alphonso infringed the ‘356 patent. The two cases were consolidated.
 2 After the cases were transferred to this Court on Alphonso’s motion, Samba moved to amend both
 3 complaints to add Ashish Chordia (Alphonso’s Chief Executive Officer), Raghu Kodige
 4 (Alphonso’s Chief Product Officer), and Lampros Kalampoukas (Alphonso’s Chief Technology
 5 Officer) as additional defendants. On July 5, 2017, the Court granted Samba leave to file a
 6 consolidated FAC, “without prejudice to any arguments any defendant may seek to present by
 7 motion to dismiss.” ECF. No. 160.

8 **B. The ‘356 Patent**

9 The ‘356 patent is entitled “Targeting with Television Audience Data Across Multiple
 10 Screens.” The primary stated goal of the invention is to take advantage of a missed “revenue
 11 opportunity,” specifically, the chance to profit by targeting ads to a person’s smartphone based on
 12 information collected about the person, such as what the person has watched on television:

13 A networked device (e.g., a television, a set-top box, a computer, a
 14 multimedia display, an audio device, a weather measurement device, a
 15 geolocation device) *may have access to an information associated with a*
 16 *user. For example, the information may comprise an identification of a movie*
viewed by the user, a weather information, a geolocation information, and/or
a behavioral characteristic of the user when the user interacts with the
networked device.

17 Furthermore, the networked device may present to the user an information
 18 that is irrelevant to the user. As a result, the user may get tired, annoyed,
 19 and/or bored with the networked device. Additionally, the user may waste a
 20 significant amount of time processing the information that is irrelevant to the
 21 user. *Therefore, a revenue opportunity may be missed, because an interested*
party (e.g., a content creator, a retailer, a manufacturer, an advertiser) may
be unable to access an interested audience.

21 ‘356 patent (RJN Ex. A) at 2:38-46, 59-67 (emphasis added). To address this missed “revenue
 22 opportunity,” the ‘356 patent proposes using a “relevancy matching server” that is connected to
 23 the person’s networked device (e.g., television) and mobile device (e.g., a phone or tablet). *Id.* at
 24 Fig. 2. The user’s TV viewing information is gathered as “primary data,” defined as “data that
 25 may be associated with a user and matched with targeted data.” Mem. Op. and Order, ECF
 26 No. 125, at 14 (Mar. 29, 2017) (“*Markman* Order”) (RJN Ex. B).² The television may provide the

27 _____
 28 ² Targeted data is “content recommendation, advertisement, product recommendation, and/or
 other information matching or related to primary data.” *Markman* Order at 31.

1 primary data directly (*e.g.*, by identifying the show title or specific commercial being
 2 broadcasted), or it may capture snippets of audio or video “fingerprint data” from which the
 3 current broadcast can be identified.³ The invention’s “relevancy matching server” then searches a
 4 database to find matching “targeted data” (*e.g.*, an advertisement) that relates to what is on the
 5 television, and displays the selected targeted ad on the person’s mobile device.

6 Although the patent’s background is instructive, the claim language “defines the scope of
 7 the patentee’s rights.” *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996).
 8 Asserted claims 1-2, 10, 11, 13-15 and 17-19 are directed to or include a “relevancy matching
 9 server” that searches for targeted data based on a broadly-defined “relevancy factor,” and causes
 10 that targeted data to be rendered on a mobile device. Independent claim 14 is representative:⁴

11 14. A method of *a relevancy-matching server comprising a set of instructions*
 12 *when executed through a machine using a processor and a memory to*
 13 *comprise the operations of:*
 14 *matching primary data generated from a fingerprint data with targeted data,*
 15 *based on a relevancy factor and to search a storage for the targeted data*
 16 *using the processor communicatively coupled with the memory;*
 17 *wherein the primary data is any one of a content identification data and a*
 18 *content identification history;*
 19 *matching the targeted data with the primary data in a manner such that the*
 20 *relevancy-matching server is to search the storage for at least one of a*
 21 *matching item and a related item based on the relevancy factor*
 22 *comprising at least one of a category of the primary data, a behavioral*
 23 *history of a user, a category of a sandboxed application, and an other*
 24 *information associated with the user; and*
 25 *wherein the relevancy-matching server is to cause a rendering of the targeted*
 26 *data to the user through the sandboxed application of a mobile device.*⁵

20 ³ Fingerprint data is “data representing characteristic features obtained, detected, extracted,
 21 quantized, and/or hashed from audio or visual content.” *Markman* Order at 14.

22 ⁴ The Court may evaluate representative claims in a 35 U.S.C. § 101 analysis to determine
 23 whether they are “substantially similar and linked to the same abstract idea.” *Content Extraction*
 24 *& Transmission LLC v. Wells Fargo Bank, Nat. Ass’n*, 776 F.3d 1343, 1348-49 (Fed. Cir. 2014)
 (finding 242 claims invalid based on analysis of one independent claim, where the dependent
 claims “recite[d] little more than the same abstract idea”).

25 ⁵ Considering how this claim is applied in the real world helps to illuminate its opaque drafting.
 26 According to Samba, its patented technology “can identify content being watched on television
 27 and use that information to provide relevant advertising on mobile devices.” Samba’s Op. Claim
 28 Constr. Br., ECF No. 99, at 1-2. “As an example, if a Ford commercial is shown on TV, Samba’s
 patented technology allows Ford to display a similar ad on a user’s mobile phone to reinforce the
 television commercial. Alternatively, Chevrolet could instead use Samba’s patented technology to
 display a Chevrolet ad on the mobile phone to counter Ford’s television commercial.” *Id.* at 2.

1 The “relevancy-matching server” of Claim 14 runs “a set of instructions” on “a machine
2 using a processor and a memory”—in other words, *on a general purpose computer*. This claim
3 requires the relevancy matching server to match primary data (generated from fingerprint data)
4 with targeted data by searching memory for “a matching item and a related item,” based on a
5 “relevancy factor comprising...other information associated with the user.” The relevancy
6 matching server then “cause[s] a rendering of” the selected targeted data on the user’s mobile
7 device. The specification describes the relevancy matching server as one or more general purpose
8 computers: “The relevancy-matching server 200 may comprise a computer, a plurality (*e.g.*, at
9 least two) of computers, and/or a peer-to-peer network of computers.” *Id.* at 12:56-59. Consisting
10 of only a general processor and attached memory, the relevancy matching server is defined not by
11 its components, but simply by the routine targeting function that it performs: “the relevancy
12 matching server may be a computer hardware system dedicated to matching, using a processor and
13 memory, a targeted data 800 with the primary data 500 based on a relevancy matching factor
14 associated with user 902.” *Id.* at 12:49-53.

15 Claim 14 also requires the claimed relevancy matching server to cause a rendering of the
16 targeted data through the “sandboxed application” of the user’s mobile device. A “sandboxed
17 application” is “software or application that runs in a security sandbox,” *i.e.*, an “environment that
18 constrains operations available to an application.” *Markman* Order at 14. According to the
19 specification, an example of a “sandboxed application” that can run on a mobile device is a web
20 browser. ‘356 patent at 15:61-63. At the time Samba filed its first provisional application in
21 2008, sandboxing was already in wide use as a security technique in commercially-available
22 software products, such as Adobe Flash. *See* RJN Ex. C, U.S. Pat. App. No. 61/118,286 at
23 Fig. 15, [09], [26], [38], [47], [52], [53], [84], [118], *cited in* ‘356 patent, “Claim of Priority” at
24 2:19-24 (describing pre-existing sandboxing functionality built into Adobe Flash and Microsoft
25 Silverlight software). The ‘356 patent does not purport to improve upon pre-existing sandboxing
26 techniques that were already ubiquitous at the time of the patent’s filing. Instead, claim 14 simply
27 directs the relevancy matching server to render the targeted data to the user “through the
28 sandboxed application of the mobile device.”

1 The other asserted claims are similar in scope to claim 14. Independent claim 10 (a system
2 claim) recites the same general purpose computing components—a processor, memory, and
3 instructions—as those that appear in the ad targeting steps of claim 14:

4 10. A relevancy-matching server communicatively coupled with a television
5 and a mobile device through a network, comprising:
6 *a processor;*
7 *a memory communicatively coupled with the processor; and*
8 *instructions stored in the memory and executed using the processor*
9 *configured to:*
10 *match primary data generated using a fingerprint data with targeted data,*
11 *based on a relevancy factor comprising at least one of a category of the*
12 *primary data, a behavioral history of a user, a category of a sandboxed*
13 *application, and another information associated with the user,*
14 *search a storage for the targeted data,*
15 *wherein the primary data is any one of a content identification data and a*
16 *content identification history, and*
17 *wherein the relevancy-matching server is to cause a rendering of the targeted*
18 *data to the user through the sandboxed application of the mobile device.*

12 Independent claim 18 (also a system claim) adds a “content identification server” (also found in
13 claims 1 and 13) to the relevancy matching server of claim 10:

14 18. A relevancy-matching server communicatively coupled with a television
15 and a mobile device through a network, comprising:
16 a processor;
17 a memory communicatively coupled with the processor; and
18 instructions stored in the memory and executed using the processor
19 configured to:
20 match primary data generated using a fingerprint data with targeted data,
21 based on a relevancy factor comprising at least one of a category of the
22 primary data, a behavioral history of a user, a category of a sandboxed
23 application, and another information associated with the user,
24 search a storage for the targeted data,
25 wherein the primary data is any one of a content identification data and a
26 content identification history,
27 wherein at least one of the television and the mobile device to generate the
28 fingerprint data, and
29 *wherein a content identification server to:*
30 *process the fingerprint data from at least one of the television and the mobile*
31 *device, and*
32 *communicate the primary data from the fingerprint data to any of a number*
33 *of devices with an access to an identification data of at least one of the*
34 *television and an automatic content identification service of the*
35 *television.*

26 The specification describes the content identification server in the same generic manner as
27 the relevancy matching server: “a computer, a plurality of computers, and/or a peer-to-peer
28 network of computers,” ‘356 patent at 25:47-49, defining this general purpose computer by the

1 function it performs (*i.e.*, identification). *See id.* at 13:53-56 (describing content identification
 2 server as “a computer hardware system dedicated to identifying a content of the media data 1004
 3 and/or other media data...using a processor and a memory.”).

4 Independent claim 1 essentially adds further details to the television and mobile phone of
 5 claim 18. Claim 1 requires that the television be the source of the fingerprint data (“a television to
 6 generate a fingerprint data”) and that the mobile phone (1) “be capable of being associated with
 7 the television,” (2) process an “embedded object,”⁶ and (3) include well-known sandboxing
 8 features.⁷ ‘356 patent at 51:63, 52:3-9.

9 Claims 11, 15 and 19 add a “pairing server” to the claimed relevancy matching server. The
 10 pairing server’s purpose is to “communicatively couple” the television and the mobile device.⁸
 11 Claim 15, which adds the pairing server to the relevancy matching server of representative claim
 12 14, is instructive:

13 15. The method of claim 14:
 14 wherein *a pairing server* is to:
 15 *receive an announcement from a television, and*
 16 *process an identification data of the announcement* comprising at least one of
 17 a global unique identifier (GUID), an alphanumeric name, a hardware
 18 address associated with the television, a public address associated with an
 19 automatic content identification service of the television, and a private
 20 address associated with the automatic content identification service of the
 21 television when a shared network is determined to be commonly
 22 associated with the mobile device and the television.

19 The specification does not describe any innovative technique for performing this function;
 20 rather, the pairing server merely passes identification data (contact information) from the
 21 networked device (the television) to the client device (the mobile device): “[t]he pairing server 300
 22 may be configured to receive in the announcement from the networked device 102 and to

23 _____
 24 ⁶ An “embedded object,” as described in the specification, is an “object in an application or
 25 webpage linked to an external source, such as a script, an image, a player, an iframe, or other
 26 external media.” *Markman* Order at 14.

26 ⁷ Although claim 1 states that the mobile device includes a sandboxing environment, its
 27 dependent claim 2 allows for bypassing the access controls of the sandbox, making use of the
 28 mobile device’s sandbox in claim 1 entirely optional.

⁸ The “pairing server” was construed as a “server that communicatively couples the television
 and the mobile device.” *Markman* Order at 15.

1 communicate to the client device 100 the identification data 304.” *Id.* at 14:37-42. Like the other
2 servers, the pairing server is described as “a computer, a plurality of computers, and/or a peer-to-
3 peer network of computers,” *i.e.*, one or more general purpose computers. *Id.* at 14:28-30.

4 **ARGUMENT**

5 **I. PLAINTIFF’S CLAIMS FOR INFRINGEMENT OF THE ‘356 PATENT SHOULD**
6 **BE DISMISSED BECAUSE THE ASSERTED CLAIMS DO NOT CLAIM**
7 **PATENT-ELIGIBLE SUBJECT MATTER UNDER 35 U.S.C. §101**

8 **A. Whether a Patent Meets the Two-Step Test for Patent Eligibility Is a Matter of**
9 **Law That Can Be Resolved on a Motion to Dismiss**

10 The Federal Circuit has “repeatedly recognized that in many cases it is possible and proper
11 to determine patent eligibility under 35 U.S.C. § 101 on a Rule 12(b)(6) motion.” *Genetic Techs.*
12 *Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1373-74 (Fed. Cir. 2016). If a patent is ineligible under 35
13 U.S.C. § 101—which is an issue of law—a court may dismiss a claim asserting infringement of
14 that patent. *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362 (Fed. Cir. 2015).

15 35 U.S.C. § 101 provides that “[w]hoever invents or discovers any new and useful process,
16 machine, manufacture, or composition of matter, or any new and useful improvement thereof, may
17 obtain a patent therefor, subject to the conditions and requirements of this title.” However, “[l]aws
18 of nature, natural phenomena, and abstract ideas are not patentable.” *Alice*, 134 S. Ct. at 2354.
19 “[T]he concern that drives this exclusionary principle [is] one of pre-emption.” *Id.* Because
20 “abstract ideas are the basic tools of scientific and technological work,” “monopolization of those
21 tools through the grant of a patent might tend to impede innovation more than it would tend to
22 promote it, thereby thwarting the primary object of the patent laws.” *Id.* (quotations omitted).

23 Patent-eligibility under 35 U.S.C. § 101 is determined using a two-part analysis:

24 First, we determine whether the claims at issue are directed to one of those
25 patent-ineligible concepts. If so, we then ask, “[w]hat else is there in the
26 claims before us?” To answer that question, we consider the elements of each
27 claim both individually and “as an ordered combination” to determine
28 whether the additional elements “transform the nature of the claim” into a
patent-eligible application. We have described step two of this analysis as a
search for an “inventive concept”—*i.e.*, an element or combination of
elements that is sufficient to ensure that the patent in practice amounts to
significantly more than a patent upon the [ineligible concept] itself.

Alice, 134 S. Ct. at 2355 (citing *Prometheus*). An important consideration in step two is whether

1 the claims pose a risk of preemption by “disproportionately tying up the use of [] underlying
2 ideas.” *Id.* at 2354-55 (quotations omitted). In the context of computers, claims that “improve the
3 functioning of the computer itself” or “effect an improvement in any other technology or technical
4 field” may provide an inventive concept sufficient to overcome this risk, *id.* at 2359, but an
5 instruction to apply an abstract idea on a computer is not enough, *id.* at 2358.

6 Although the Supreme Court in *Alice* declined “to delimit the precise contours of the
7 ‘abstract ideas’ category,” *id.* at 2357, the Federal Circuit has recently explained that courts should
8 follow the “classic common law methodology”: “the decisional mechanism courts now apply is to
9 examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior
10 cases were about, and which way they were decided.” *Amdocs (Israel) Ltd. v. Openet Telecom,
11 Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (noting the Patent Office’s similar examination policy).
12 As explained below, the Federal Circuit and multiple district courts (including this one) have
13 consistently found that claims directed to customized content and targeted advertising are directed
14 to a patent-ineligible abstract concept. And, because the ‘356 patent specification teaches that the
15 relevancy-matching server (and every other claimed server) can be a general purpose computer,
16 the asserted claims do not improve the functioning of the computer itself so as to provide an
17 inventive concept sufficient to save them from invalidation.

18 **B. Courts Have Consistently Held That Patent Claims That Tailor Advertising**
19 **Content for an Intended Audience Are Directed to an Abstract Idea**

20 The first step of the *Alice* inquiry asks whether the claims are directed to an abstract idea.
21 The asserted claims of the ‘356 patent are directed to the abstract idea of gathering information
22 about an intended customer and delivering targeted information to that customer (through
23 “relevancy matching”) to improve customer experience. The Federal Circuit and multiple district
24 courts have consistently held that computerized advertising claims that customize ad content for
25 an intended audience, based on information about that audience, are directed to an abstract idea.

26 In *IVI*, the Federal Circuit analyzed claims that customized web page content as a function
27 of navigation history and information known about the user:

- 28 1. A system for providing web pages accessed from a web site in a manner

1 *which presents the web pages tailored to an individual user, comprising:*
 2 an interactive interface configured to provide dynamic web site navigation
 3 data to the user, the interactive interface comprising:
 4 a display depicting portions of the web site visited by the user as a function of
 the web site navigation data; and
 a display depicting portions of the web site visited by the user as a function of
 the user's personal characteristics.

5 792 F.3d at 1369 (emphasis added). The Federal Circuit found that tailoring content based on
 6 known information is “a fundamental...practice long prevalent in our system...” *Id.* (quoting
 7 *Alice*, 134 S. Ct. at 2356).

8 Similarly, in *Affinity Labs*, the Federal Circuit examined a representative claim directed to
 9 a network-based media system with “a customized user interface page for the given user.” 838
 10 F.3d at 1267. The Court held that the claim was directed to the abstract concept of delivering
 11 user-selected media content to portable devices. *Id.* at 1269. To counter this finding, the plaintiff
 12 focused particularly on the claim’s recitation of a “customized user interface,” citing embodiments
 13 in the specification where a user may elect to have “a customized interface such as a radio dial, a
 14 playlist, or targeted advertising based on demographic information provided by the user.” The
 15 Federal Circuit rejected this argument because precedent held that “customizing information
 16 based on...information known about the user’ is an abstract idea.” *Id.* (citing *IV I*). And, in
 17 *Ultramercial*, the Federal Circuit likewise held as abstract and patent-ineligible claims directed to
 18 the computerized delivery of advertisements, finding that multi-step method claims “for
 19 displaying an advertisement in exchange for access to copyrighted media” recited nothing more
 20 than “an abstraction—an idea, having no particular concrete or tangible form.” 772 F.3d at 715.

21 District courts have also found targeted advertising claims to be unpatentable. Notably,
 22 this Court held in *OpenTV* that claims of two advertising patents were directed to an age-old
 23 abstract idea. The representative claims of each patent read, in pertinent part:

24 A method for providing targeted programming to a user outside of the user’s
 25 home, the method comprising:
 26 [a] receiving a user identification associated with a user, the user
 identification comprising an identifier corresponding to an account
 number used in a transaction;
 27 * * *
 28 [g] selecting a targeted program based on the reception site information and
 the updated user profile and the user determinations, and

1 [h] *providing the targeted program for presentation to a user outside of the*
 2 *user’s home.*

3 A method of scheduling delivery of multiple items of content selectively to a
 4 plurality of online users, comprising:

5 * * *

6 [b] *generating an ordered list of the items of content to be selectively*
 7 *delivered to the users based on the expected values, said ordered list*
 8 *being prioritized to meet delivery requirements associated with said items*
 9 *of content; and*

10 [c] *generating an individual list of items of content to be delivered to each*
 11 *user based on the ordered list, wherein said individual list is dynamically*
 12 *generated for each user on user login.*

13 *OpenTV*, 76 F. Supp. 3d at 892-94 (emphasis added).

14 Finding that the first patent collected personal data for use in targeted advertising outside
 15 the home, and the second patent relied on predictions of Internet use for purposes of scheduling
 16 customized advertising delivery to the user, this Court found both patents were directed to abstract
 17 ideas. The claims of the first patent embodied the abstract idea of “gathering information about
 18 one’s intended market and attempting to customize the information then provided,” which “is as
 19 old as the saying, ‘know your audience.’” *Id.* at 10. As to the second patent, the Court noted that
 20 the idea was “not merely a computer/internet *implementation* of an old idea” because “the problem
 21 purportedly being solved can be more nearly described as an issue with the internet technology
 22 itself.” *Id.* at 11. Nevertheless, even assuming the claims were limited to the online context, the
 23 Court found that these targeting claims did not describe “anything more than the abstract idea of
 24 attempting to provide as much appropriately-selected content to users as possible, based on
 25 predictions as to their online availability and other information gathered about them.” *Id.* at 12.

26 Courts in other jurisdictions have held similar customized marketing claims to be abstract.
 27 For example, the court in *Phoenix Licensing, LLC v. Consumer Cellular, Inc.*, No. 2:16-cv-0152,
 28 2017 WL 1065938 (E.D. Tex Mar. 8, 2017) found abstract claims described as providing “the
 right message to the right person at the right time (the theoretical goal of advertising) for
 marketing communications (i.e., tailoring).” *Id.* at *14 (internal quotations omitted); *see also id.*
 at *9-14 (reciting claims). Agreeing that the claims were “directed to the abstract idea of ...
 ‘tailoring marketing communications to recipients,’” the court found that the inclusion of various

1 computer components in the claims (e.g., “computer-accessible storage medium,” “central
 2 processing unit” and “an output device”) did not change the analysis. *Id.* at *18. “[N]othing in the
 3 specification...indicates that these components are not generic or conventional, and it appears that
 4 ‘conventional computer components’ are simply being added to ‘well-known business practices.’”
 5 *Id.* (citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1338 (Fed. Cir. 2016)). “[T]he focus of
 6 the claims here is not on *an improvement* in computers as tools, but on certain independently
 7 abstract ideas *that use* computers as tools.” *Id.* (emphasis added).

8 Similarly, the court in *Network Architecture Innovations LLC v. CC Network Inc.*,
 9 No. 2:16-CV-00914, 2017 WL 1398276 (E.D. Tex. April 18, 2017) dismissed infringement claims
 10 asserting claims directed to a system and method of using a network access system to distribute
 11 targeted “bulletins” by a “bulletin server” to Internet users. *Id.* at *1. Finding that the patent
 12 sought to “accurately identify the user of an external computer and, therefore optimally match
 13 available advertising to the user’s likes and dislikes,” the court held that “this is no different than
 14 the age-old practice of providing advertisements inserts with newspapers. As such the claims of
 15 the [] patent are analogous to the [] claims in [*IV I*] and *Ultramercial*, which were held to
 16 constitute abstract ideas.” *Id.* at *4 (citations and quotations omitted). “The concept of pairing
 17 advertisements with content requested by the user over the Internet is not new, and is an idea that
 18 the Federal Circuit has repeatedly found as abstract.” *Id.* at *5.

19 **C. The Asserted Claims Fail Both Parts of *Alice*’s Two-Part Test**

20 **1. *Alice* Step One: The Asserted Claims Are Directed to an Abstract Idea**

21 As shown above, courts have held time and again that claims directed to the age-old
 22 practice of matching targeting advertisements to a target audience are abstract, and applying the
 23 two-step *Alice* analysis to a representative asserted claim confirms these claims are no different.
 24 Representative claim 14 of the ‘356 patent claims the conventional computer processing steps of
 25 searching a database to find matching data—specifically, searching to find “targeted data” that
 26 matches “information associated with the user” based on a “relevancy factor”—and displaying that
 27 targeted data on the user’s mobile device. No specific algorithm for performing this matching is
 28 required or disclosed, nor does the specification even explain *how* the system is to apply the

1 “relevancy factor” to search for specific targeted data. Indeed, although the claim includes a list of
2 *possible* categories of information that could comprise a “relevancy factor,” the breadth of the
3 final catch-all category—“and other information associated with the user”—assures that the claim
4 remains directed to the abstract idea of matching targeted information to *any* aspect of the user.

5 “In addressing the first step of the section 101 inquiry, as applied to a computer-
6 implemented invention, it is often helpful to ask whether the claims are directed to ‘an
7 improvement in the functioning of a computer,’ or merely ‘adding conventional computer
8 components to well-known business practices.’” *Affinity Labs*, 838 F.3d at 1270 (citing *Enfish*,
9 822 F.3d at 1338). The relevant inquiry is “whether the claims in the patent focus on a *specific*
10 *means or method*, or are instead directed to *a result or effect that itself is the abstract idea* and
11 merely invokes generic process and machinery.” *Clarilogic, Inc. v. FormFree Holdings Corp.*,
12 No. 2016-1781, 2017 WL 992528, at *2 (Fed. Cir. Mar. 15, 2017) (emphasis added).

13 Representative claim 14 invokes a general purpose computer (the “relevancy-matching
14 server”) to perform the abstract idea of searching for, matching, and rendering targeted data to a
15 user’s mobile device. Claim 14 recites the *function* of gathering and analyzing user information
16 for the sole purpose of providing relevant, targeted data to the user, but suggests no particular way
17 of performing these functions, which courts have repeatedly held is an abstract idea. *See, e.g.*,
18 *Affinity Labs*, 838 F.3d at 1271 (claims written in largely functional terms, as a “collection of
19 instructions” that perform the functions of displaying a selection of available content for the user
20 to request, are directed to an abstract idea, since they “do not go beyond ‘stating [the relevant]
21 functions in general terms, without limiting them to technical means for performing the functions
22 that are arguably an advance over conventional computer and network technology.’”); *IV I*, 792
23 F.3d at 1371 (“Requiring the use of a ‘software’ ‘brain’ ‘tasked with tailoring information and
24 providing it to the user’ provides no additional limitation beyond applying an abstract idea,
25 restricted to the Internet, on a generic computer.”).⁹

26 _____
27 ⁹ *See also Open Text S.A. v. Alfresco Software Ltd*, No. 13-CV-04843-JD, 2014 WL 4684429, at
28 *4 (N.D. Cal. Sept. 19, 2014) (claims were directed to abstract idea where they “describe[] the
most basic and widely-understood principle of marketing: identify potential or current customers
and engage with them to improve their customer experience”).

1 Here, the claims do not provide for any specific implementation of this abstract idea—*e.g.*,
2 they do not specify any unique components of the relevancy-matching server or other claimed
3 servers, nor do they explain how to perform matching using the “relevancy factor” to achieve the
4 proposed targeting solution. Rather, these claims simply recite a generalized targeting process in
5 broad, functional language—“matching,” “search[ing],” and “rendering” targeted data, based on
6 *some* type of information associated with the user. This is the “height of abstraction.” *See*
7 *Clarilogic*, 2017 WL 992528 at *2 (“[A] method for collection, analysis, and generation of
8 information reports, where the claims are not limited to how the collected information is analyzed
9 or reformed, is the height of abstraction.”); *see also Elec. Power Grp., LLC v. Alstom S.A.*, 830
10 F.3d 1350, 1353-54 (Fed. Cir. 2016) (“collecting,” “gathering,” “analyzing,” and “presenting”
11 information are “within the realm of abstract ideas”); *Content Extraction*, 776 F.3d at 1347
12 (claims drawn to collecting, recognizing, and storing data were drawn to abstract idea).

13 In merely claiming a conventional computer component that performs the well-known
14 business practice of customizing content to a targeted audience, without more, the asserted claims
15 of the ‘356 patent “recite the *what* of the invention, but none of the *how* that is necessary to turn
16 the abstract idea into a patent-eligible application.” *TDE Petroleum Data Sols., Inc., v. AKM*
17 *Enter., Inc.*, 657 F. App’x 991, 993 (Fed. Cir. 2016) (emphasis in original). “[T]here is a critical
18 difference between patenting a particular concrete solution to a problem and attempting to patent
19 the abstract idea of a solution to the problem in general.” *Elec. Power Grp.*, 830 F.3d at 1356
20 (internal quotation marks omitted). Here, the claims are clearly focused on the combination of the
21 most basic of abstract processes: providing targeted information. Consistent with the holdings in
22 *IV I, Affinity Labs, Ultramercial, OpenTV, Phoenix Licensing, and Network Architecture*, the
23 asserted claims of the ‘356 patent are directed to the abstract idea of gathering information about
24 an audience, and matching that information to targeted advertising.

25 2. *Alice* Step Two: The Claim Elements Lack an Inventive Concept

26 In step two, the court “must examine the elements of the claim to determine whether it
27 contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-
28 eligible application.” *Alice*, 134 S. Ct. at 2357 (quoting *Prometheus*, 566 U.S. at 79). “[T]he

1 relevant question is whether the claims here do more than simply instruct the practitioner to
2 implement the abstract idea...on a generic computer.” *Id.* at 2359. If the patent claims are
3 directed to an abstract idea at step one and contain no inventive concept at step two, then the
4 patent is ineligible for protection under 35 U.S.C. § 101. *See id.* at 2355-60.

5 There is nothing innovative about any of the computer processors or servers appearing in
6 the claims of the ‘356 patent. The Summary of the patent acknowledges that the claims are carried
7 out on generic computers: “The methods, system, and/or apparatuses disclosed herein may be
8 implemented in any means for achieving various aspects, and may be executed in a form of
9 machine readable medium embodying a set of instruction that, when executed by a machine,
10 causes the machine to perform any of the operations disclosed herein.” ‘356 patent at 4:53-58.
11 The specification describes the claimed servers as being simply “a computer, a plurality of
12 computers, and/or a peer-to-peer network of computers.” *See id.* at 12:56-59 (relevancy matching
13 server), 25:47-49 (content identification server), 14:28-30 (pairing server). The specification
14 teaches nothing special about these servers, stating that they are all interchangeable. *See id.* at
15 14:30-31 (pairing server may be the relevancy matching server), 25:49-51 (content identification
16 server may be the relevancy matching server or the pairing server).

17 Rather than specify any innovative technology, the specification provides only a *purely*
18 *functional* description for each server, stating that each uses “a processor and memory” to perform
19 the relevant recited function. *Id.* at 12:49-53 (relevancy matching server is “a computer hardware
20 system dedicated to matching, using a processor and memory, a targeted data 800 with the primary
21 data 500 based on a relevancy matching factor associated with user 902.”), 13:53-56 (describing
22 the content identification server as “a computer hardware system dedicated to identifying a content
23 of the media data 1004 and/or other media data...using a processor and a memory.”), 14:37-42
24 (describing pairing server as being “configured” to receive an announcement from the television,
25 and to “communicate” identification data to the mobile device when the television and mobile
26 device are on a shared network).

27 Considered individually or together, the steps of claim 14 are well-understood, routine, and
28 conventional. For instance, there is nothing new about targeting advertisements over networks,

1 such as the Internet. *See* RJN Ex. D, U.S. Patent No. 5,948,061 at Abstract (filed Oct. 29, 1996),
2 *cited in* the ‘356 patent (disclosing a “Method of delivery, targeting and measuring advertising
3 over networks,” where an advertising server transmits targeted advertisements based on statistics
4 compiled on individual users).¹⁰ There is also nothing new about identifying televised content
5 using fingerprints, or sending targeted information based on that content to a different display than
6 the television. *See* RJN Ex. E, U.S. Pub. Pat. App. No. 2006/0195860, *cited in* the ‘356 patent
7 (describing a system for identifying TV advertisements based on fingerprints, and for substituting
8 “advertisements to be better targeted to audiences.”). Moreover, nothing in the asserted claims,
9 understood in the light of the specification, requires anything other than an off-the-shelf, standard
10 and conventional computer server, television and mobile device components for collecting data,
11 searching stored data, and delivering targeted data—tasks all held as patent ineligible under the
12 analysis in *Alice* step one above. “The Federal Circuit has repeatedly held that such invocations of
13 computers and networks that are not even arguably inventive are ‘insufficient to pass the test of an
14 inventive concept in the application’ of an abstract idea.” *Phoenix Licensing*, 2017 WL 1065938
15 at *21 (citing *Elec. Power Grp.*, 830 F.3d at 1355); *see also Mortg. Grader, Inc. v. First Choice*
16 *Loan Servs. Inc.*, 811 F.3d 1314, 1324-25 (Fed. Cir. 2016) (adding generic computer components
17 such as “interface,” “network,” and “database” does not satisfy the inventive concept
18 requirement); *IVI*, 792 F.3d at 1370 (requiring use of a “software brain” to tailor information and
19 provide it to a user does not confer patent-eligibility, as it “provides no additional limitation
20 beyond applying an abstract idea, restricted to the Internet, on a generic computer”); *Internet*
21 *Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1348-49 (Fed. Cir. 2015) (preamble stating
22 method performed by computer does not satisfy test for inventive concept); *Content Extraction*,
23 776 F.3d at 1347-48 (“For the role of a computer in a computer-implemented invention to be

24

25 ¹⁰ In the context of a pleading motion based on 35 U.S.C. § 101, this Court may consider the
26 content of patent references cited on the face of the patent being challenged to understand the state
27 of the prior art, including the conventionality of claimed technology. *See, e.g., Digital Media*
28 *Techs. v. Amazon.com*, No. 4:16cv244-MW/CAS, at 13 n.10 (N.D. Fla. July 3, 2017) (taking
judicial notice of content of prior art patents cited on face of challenged patent on motion to
dismiss) (Roddy Decl. Ex. 1); *Radware, Ltd. v. A10 Networks, Inc.*, No. C-13-02021-RMW, 2014
WL 61047, at *3 (N.D. Cal. Jan. 7, 2014) (collecting cases).

1 deemed meaningful....it must involve more than performance of ‘well-understood, routine, [and]
2 conventional activities previously known in the industry.’”).

3 Nor do the asserted claims “purport to improve the functioning of the computer itself,” or
4 “effect an improvement in any other technology or technical field.” *Alice*, 134 S. Ct. at 2359.
5 Instead of explaining how to create an *improved* relevancy matching server, the claims recite
6 connecting generic computer components (one or more servers comprised of a processor and
7 memory) with standard televisions to perform well-known, routine computer functions (matching
8 data, searching a storage for data, rendering of data) to display targeted advertising on a standard
9 mobile phone. That is insufficient to render the claims patent-eligible.

10 Stringing together representative claim 14’s many coined terms does not provide an
11 inventive concept where, as here, they ultimately describe generic computer components doing
12 what generic computers do. *See, e.g., Smartflash LLC v. Apple Inc.*, 2017 WL 786431, at *6 (Fed.
13 Cir. Mar. 1, 2017) (rejecting argument that “the claim elements, when considered as an ordered
14 combination, recite ‘specific hardware components—including a communications interface, an
15 interface for communicating with the data carrier, and a program store, all coupled to a processor’
16 that ‘reflect specific technical choices that provide distinct advantages over alternatives’” so as to
17 provide required inventive concept, and finding that “‘interfaces,’ ‘program stores,’ and
18 ‘processors’ are all generic computer components and do not, taken individually or as an ordered
19 combination, ‘transform [the] abstract idea into a patent-eligible invention’” under *Alice*) (citations
20 omitted); *id.* (“[R]eading, receiving, and responding to payment validation data and, based upon
21 the amount of payment, and access rules, allowing access to multimedia content” is “precisely the
22 type of Internet activity” that is patent-ineligible). Nor does the addition of a ubiquitous and well-
23 known “sandboxed application” (*e.g.*, a web browser) or the recitation a “fingerprint data” (*e.g.*, a
24 hash) save the asserted claims. *See, e.g., IV I*, 792 F.3d at 1370 (holding “‘interactive interface’
25 [that] simply describes a generic web server with attendant software, tasked with providing web
26 pages to and communicating with the user’s computer” did not provide inventive concept); *Blue
27 Spike, LLC v. Google Inc.*, No. 14-CV-01650-YGR, 2015 WL 5260506, at *1 (N.D. Cal. Sept. 8,
28 2015), *aff’d*, 669 F. App’x 575 (Fed. Cir. 2016) (invalidating under 35 U.S.C. § 101 method and

1 system claims directed to the “creation of ‘abstracts’ (essentially digital fingerprints, hashes, or the
2 like) from various ‘signals’ (electronic versions of human-perceptible works in formats such as
3 audio, visual, audiovisual, or text) based on perceptible qualities inherent to those signals”).¹¹ The
4 asserted claims fail the second step of *Alice*’s test for patentability.

5 **D. The Asserted Claims Raise Significant Preemption Concerns**

6 The asserted claims of the ‘356 patent pose a significant preemption concern because they
7 do not provide details of *how* the relevancy matching server performs its relevancy matching
8 search for targeted data. A patent need not preempt an entire field to run afoul of 35 U.S.C. § 101;
9 instead, the question is whether the patent “would risk disproportionately tying up” the use of the
10 abstract idea. *Prometheus*, 566 U.S. at 73.¹² These claims potentially cover *any* situation in which
11 a computer is used to (1) gather information about what a user has watched, (2) match targeted
12 data with the gathered information using a relevancy factor that depends on information associated
13 in some way with the user, and (3) display the targeted data on the user’s mobile device. (Claims
14 1 and 18 do not even require rendering the targeted data to the user, exacerbating the preemption
15 concerns.) These claims “recite the *what* of the invention, but none of the *how* that is necessary to
16 turn the abstract idea into a patent-eligible application.” *TDE Petroleum*, 657 F. App’x at 993
17 (original emphasis). As framed, the asserted claims do not leave any meaningful space for a third
18 party to practice the long-standing abstract idea of providing targeted advertising. Even limiting
19 the abstract idea to the field of targeted advertising on mobile devices based on what a user has
20 watched is not enough to make the concept patentable. *See OIP Techs.*, 788 F.3d at 1362-63
21 (“that the claims do not preempt all price optimization or may be limited to price optimization in

22 ¹¹ The same four patents that were invalidated were asserted against Samba’s technology by Blue
23 Spike. *Compare Blue Spike*, 2015 WL 5260506, at *1 with *Blue Spike, LLC v. Free Stream Media*
Corp., No. 6:12-CV-527 (E.D. Tex. Aug. 14, 2012) (RJN Ex. F).

24 ¹² Preemption is a relevant concern in the 35 U.S.C. § 101 analysis. *See Prometheus*, 566 U.S. at
25 85-86 (noting Supreme Court has repeatedly emphasized “a concern that patent law not inhibit
26 future discovery by improperly tying up the use of laws of nature.”). The absence of complete
27 preemption, however, does not confer patent eligibility. “While preemption may signal patent
28 ineligible subject matter, the absence of complete preemption does not demonstrate patent
eligibility.” *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015).
Thus, that the claims of the ‘356 patent may not preempt the entire field of tailored marketing
communications does “not make them any less abstract.” *OIP Techs.*, 788 F.3d at 1363.

1 the e-commerce setting do not make them any less abstract.”¹³

2 **E. The Asserted Claims Also Fail the Machine-Or-Transformation Test**

3 Finally, the Supreme Court has held that, while not the sole test governing 35 U.S.C. § 101
4 analysis, the machine-or-transformation test can provide a “useful clue” in the second step of the
5 *Alice* two step framework. *See Bancorp Servs., LLC v. Sun Life Assurance Co. of Can.*, 687 F.3d
6 1266, 1278 (Fed. Cir. 2012). Under this test, a claimed process can be patent-eligible under 35
7 U.S.C. § 101 if: “(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular
8 article into a different state or thing.” *In re Bilski*, 545 F.3d 943, 954 (Fed. Cir. 2008) (*en banc*),
9 *aff’d on other grounds sub nom. Bilski v. Kappos*, 561 U.S. 593 (2010).

10 The claims of the ‘356 patent, however, are not tied to any particular novel machine or
11 apparatus, only a general purpose computer. The relevancy-matching server, content
12 identification server and pairing server appearing in the asserted claims all behave conventionally,
13 in accordance with a broadly worded set of computerized instructions to match, store, search and
14 display data. Nowhere does the ‘356 patent tie the claims to a novel machine.

15 The claims of the ‘356 patent also fail to satisfy the transformation prong of the machine-
16 or-transformation test. The method as claimed, reduced to its core, is simply a straightforward
17 database search. Using the “relevancy factor” as its yardstick, the claimed general purpose
18 relevancy matching server culls through a database filled with targeted information, looking for
19 the best match to the user information (primary data). Once located, the relevancy matching
20 server displays it on the intended target’s mobile phone. These steps do not transform any article
21 into a different state or thing, and so do not make the claims patent eligible.

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23
24 ¹³ A number of courts have held claims invalid under 35 U.S.C. § 101 where, as here, they are
25 not limited to any specific methods for implementing the abstract idea. *See, e.g., Lumen View*
26 *Tech. LLC v. Findthebest.com, Inc.*, 984 F. Supp. 2d 189, 200 (S.D.N.Y. 2013) (finding
27 unpatentable claim lacking “a specific method of using a computer to execute the abstract idea of
28 matchmaking”); *Loyalty Conversion Sys. Corp. v. American Airlines, Inc.*, 66 F. Supp. 3d 829,
843 (E.D. Tex. 2014) (analyzing claims directed to swapping loyalty points, and finding danger of
preemption where “the claims would read on virtually any computerized method of performing
that function,” presenting “the potential to foreclose future innovation disproportionately ‘relative
to the contribution of the inventor.’”).

1 **II. THE FAC SHOULD BE DISMISSED IN ITS ENTIRETY AS TO THE**
 2 **INDIVIDUAL DEFENDANTS BECAUSE IT FAILS TO PLEAD FACTS**
 3 **SUFFICIENT TO SUPPORT A PLAUSIBLE CLAIM FOR INDUCEMENT**

4 Counts III-VIII should also be dismissed in their entirety because the FAC fails to plead
 5 adequately that any of the Individual Defendants induced Alphonso’s alleged direct infringement
 6 of either the ‘668 patent or the ‘356 patent.¹⁴ To state a claim for induced infringement against the
 7 Individual Defendants, Samba must plead facts to raise a plausible inference that the Individual
 8 Defendants “actively induce[d]” a direct infringement. 35 U.S.C. § 271(b). “The addition of the
 9 adverb ‘actively’ suggests that the inducement must involve the taking of affirmative steps to
 10 bring about the desired result.” *Glob.-Tech Appliances, Inc. v. SEB S.A.*, 563 U.S. 754, 760 (2011)
 11 (citations omitted); *see also ePlus, Inc. v. Lawson Software, Inc.*, 789 F.3d 1349, 1360 (Fed. Cir.
 12 2015) (“[I]nduced infringement requires active steps to encourage direct infringement[.]”). For an
 13 officer to be liable for inducing the infringement of a corporation, “the officer must act culpably in
 14 that the officer must actively and knowingly assist with the corporation’s infringement....It is an
 15 insufficient basis for personal liability that the officer had knowledge of the acts alleged to
 16 constitute infringement.” *See, e.g., Hoover Grp., Inc. v. Custom Metalcraft, Inc.*, 84 F.3d 1408,
 17 1412 (Fed. Cir. 1996). The FAC fails to plead any “taking of affirmative steps,” *Glob.-Tech*, 563
 18 U.S. at 760, by the Individual Defendants with even the minimum specificity required by Rule 8
 19 which “demands more than an unadorned, the defendant-unlawfully-harmed-me accusation.”
 20 *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009). “A pleading that offers ‘labels or conclusions’ or ‘a
 21 formulaic recitation of the elements of a cause of action will not do.’” *Id.* (citation omitted).
 22 “[W]here the well-pleaded facts do not permit the court to infer more than the mere possibility of
 23 misconduct, the complaint...has not ‘show[n]’...‘that the pleader is entitled to relief.’” *Id.* at 679.

24 With respect to any “affirmative steps” by the Individual Defendants, Samba pleads only
 25 that each one: (1) “induced Alphonso to infringe...by personally performing infringing acts and/or
 26 directing and ordering other Alphonso officers, agents, employees, or partners of Alphonso to
 27 commit acts of infringement,” FAC ¶ 19; (2) “was and is actively involved in enabling Alphonso
 28 and the Alphonso Platform to infringe...by personally performing infringing acts and/or directing

¹⁴ The FAC alleges only induced—not direct—infringement by the Individual Defendants.

1 and ordering other Alphonso officers, agents, employees, or partners of Alphonso to infringe,” *id.*
 2 ¶¶ 60, 70, 80, 90, 100, 110; (3) “personally participated in acts and directed, ordered, approved,
 3 cause[d], and/or induced acts of an[] underlying infringement,” *id.* ¶¶ 61, 71, 81, 91, 101, 111;
 4 (4) “sold, offered for sale, and directed, ordered, induced, approved, and/or caused others to sell
 5 and offer for sale [or make or use] the infringing Alphonso Platform,” and continues to do so, *id.*;
 6 and (5) “is aware that use of the Alphonso Platform in its normal and customary way infringes”
 7 and “induces acts of infringement with knowledge of [the asserted patents] and with knowledge or
 8 willful blindness that the induced acts constitute infringement” of the claims of the asserted
 9 patents,” *id.* ¶¶ 62, 72, 82, 92, 102, 112.

10 Courts (including this one) have repeatedly held that such “labels or conclusions” and
 11 “formulaic recitation[s] of [] elements,” *Iqbal*, 556 U.S. at 678, are insufficient to state a claim for
 12 induced infringement. *See, e.g., Rovi Solutions Corp. v. Lenovo (United States) Inc.*, No. C 12-
 13 04209-RS, ECF No. 34, at *4 (N.D. Cal. Nov. 14, 2012) (Seeborg, J.) (dismissing indirect
 14 infringement claim based on “unadorned statement” that defendant induced infringement by
 15 “inducing others to use, sell, and/or offer for sale [accused products]”) (Roddy Decl. Ex. 2);
 16 *Bender v. Motorola, Inc.*, No. C09-1245 SBA, 2010 WL 726739, at *4 (N.D. Cal. Feb. 26, 2010)
 17 (“conclusory, fact-barren allegation” that defendant “performed acts...that infringe and induce
 18 others to infringe” failed to state claim for inducement); *see also CreAgri, Inc. v. Pinnacle, Inc.*,
 19 No. C 11-6635 LHK, 2013 WL 11569, at *4 (N.D. Cal. Jan. 1, 2013) (allegation that defendant
 20 “publishes and provides documents intending that persons including the manufacturers, sellers,
 21 resellers, distributors, users, and customers engage in direct infringement by their use of
 22 [defendant’s product]” did not “provide enough information to give [defendant] ‘fair notice of
 23 what the ... claim is and the grounds upon which it rests’”) (*citing Iqbal*, 555 U.S. at 698-99).
 24 Because Samba has failed to plead anything more than “unadorned statement[s]” of “conclusory,
 25 fact-barren allegations,” Counts III-VIII of Samba’s complaint should be dismissed.¹⁵

26 _____
 27 ¹⁵ The *only* non-jurisdictional “facts” Samba pleads regarding the Individual Defendants—as
 28 opposed to boilerplate conclusions that simply restate the legal elements of Samba’s claims—are
 that the Individual Defendants are shareholders, owners, officers, executives, and founders of
 Alphonso. *See, e.g., FAC* ¶¶ 3, 5, 7-8. Were this enough to state a claim for inducement,

1 **III. THE FAC FAILS TO PLEAD ANY BASIS FOR ENHANCED DAMAGES**

2 Even if the Court were to find that Samba has adequately pleaded induced infringement by
 3 the Individual Defendants, it should dismiss Samba’s request for enhanced damages against them
 4 for failure to plead any egregious conduct that would support enhancement under 35 U.S.C. § 284.
 5 As made clear in *Halo*, the Supreme Court has long required *egregious* misconduct as a
 6 prerequisite for enhanced damages, which Samba has failed to plead. *Id.*, 136 S. Ct. at 1932
 7 (“Awards of enhanced damages under the Patent Act over the past 180 years establish that they are
 8 not to be meted out in a typical infringement case, but are instead designed as a ‘punitive’ or
 9 ‘vindictive’ sanction for egregious infringement behavior.”); *see also id.* at 1936 (“[T]he Court’s
 10 references to ‘willful misconduct’ do not mean that a court may award enhanced damages simply
 11 because the evidence shows that the infringer knew about the patent *and nothing more*....[T]he
 12 Court’s opinion, read as a whole and in context, explains that ‘enhanced damages are generally
 13 appropriate...*only in egregious cases.*’”) (emphasis in original) (Breyer, J., concurring). Following
 14 *Halo*, courts have repeatedly dismissed claims for enhanced damages that plead nothing more than
 15 alleged infringement with knowledge of the asserted patent—which is all Samba pleads here.

16 As to the Individual Defendants, Samba pleads only that the Individual Defendants: (1) are
 17 “aware that use of the Alphonso Platform . . . infringes [the asserted patents],” FAC ¶¶ 62, 72, 82,
 18 92, 102, 112; and (2) “received actual notice of the [asserted patents]” by certain dates and
 19 “continued to take actions to willfully infringe” the asserted patents, *id.* ¶¶ 66, 76, 86, 96, 106,
 20 116. The only allegations suggesting anything more than mere knowledge of the asserted patents
 21 relate to *Alphonso’s* alleged conduct of “copy[ing] Samba[’s] patented technologies, [] engag[ing]
 22 in direct competition with Samba [] using copied technology, and [] substantially undercut[ing]
 23 Samba[’s] pricing with copied technology and knowledge of [the asserted patents],” which are tied
 24 to the Individual Defendants with conclusory allegations that the Individual Defendants “induced”
 25 however, *every* shareholder, owner, officer, executive, or founder of a corporate defendant found
 26 to infringe a patent would be liable for indirect infringement—which is not the law. *Hoover Grp.*,
 27 84 F.3d at 1412 (“officer must act culpably” to be liable for inducing corporation’s infringement).
 28 The FAC also alleges that Kalam poukas “provides engineering and product development services
 to Alphonso,” *id.* ¶ 8, but this general allegation provides no insight into what affirmative acts Mr.
 Kalam poukas takes to induce any act of direct infringement by Alphonso.

1 these acts in some unknown, unspecified way. *Id.* ¶¶ 67, 77, 87, 97, 107, 117.

2 As several courts have found post-*Halo*, such failures to plead any additional egregious
 3 conduct by the defendant warrant dismissal of claims for enhanced damages. *See, e.g., Finjan,*
 4 *Inc. v. Cisco Sys. Inc.*, No. 17-CV-00072-BLF, 2017 WL 2462423, at *5 (N.D. Cal. June 7, 2017)
 5 (dismissing request for enhanced damages “because the FAC does not contain sufficient factual
 6 allegations to make it plausible that [the defendant] engaged in ‘egregious’ conduct that would
 7 warrant enhanced damages under *Halo*” where it “simply makes the conclusory allegation that
 8 ‘[d]espite knowledge of [the patentee’s] patent portfolio, Defendant has sold and continues to sell
 9 the accused products and services” and “makes no specific factual allegations about [the
 10 defendant’s] subjective intent, or any other aspects of [its] behavior that would suggest its
 11 behavior was ‘egregious’”); *Princeton Digital Image Corp. v. Ubisoft Entm’t SA*, No. CV 13-335-
 12 LPS-CJB, 2016 WL 6594076, at *11 (D. Del. Nov. 4, 2016) (dismissing willfulness allegations
 13 where amended complaint failed to “sufficiently explain” how prior complaint that did not name
 14 later-added defendant put defendant on notice of its own alleged indirect infringement and, even if
 15 it did, plaintiff did not “sufficiently articulate” how defendant’s actions after learning of its own
 16 alleged indirect infringement amounted to “an ‘egregious’ case of infringement”).¹⁶ Samba’s bare
 17 allegations that the Individual Defendants knew of the asserted patents is insufficient to plead any
 18 basis for enhanced damages against the Individual Defendants.

19 **IV. ANY LEAVE TO AMEND SHOULD BE CONDITIONED ON SAMBA PAYING**
 20 **DEFENDANTS’ COSTS OF BRINGING THIS MOTION**

21 Leave to amend should be denied as to Counts II, IV, VI, and VIII because no amendment
 22 can cure the patent ineligibility of the asserted claims of the ‘356 patent. *See, e.g., Shortridge v.*
 23 *Found. Constr. Payroll Serv., LLC*, No. 14-cv-04850-JCS, 2015 WL 1739256, at *14 (N.D. Cal.

24 ¹⁶ *See also Cont’l Circuits LLC v. Intel Corp.*, No. CV16-2026 PHX DGC, 2017 WL 679116, at
 25 *11 (D. Ariz. Feb. 21, 2017) (dismissing willfulness allegations where plaintiff “alleged sufficient
 26 facts to show knowledge, but not to show the additional element of egregiousness”); *CG Tech.*
 27 *Dev., LLC v. Big Fish Games, Inc.*, No. 16-857, 2016 WL 4521682, *14 (D. Nev. Aug. 29, 2016)
 28 (granting motion to dismiss where plaintiffs “fail[ed] to allege any facts suggesting that
 Defendant’s conduct is ‘egregious ... beyond typical infringement’”) (quoting *Halo*, 136 S. Ct. at
 1936); *Varian Med. Sys., Inc. v. Elekta AB*, No. CV 15-871-LPS, 2016 WL 3748772, at *8 (D.
 Del. July 12, 2016) (similar).

1 Apr. 14, 2015) (“Leave to amend would serve no purpose” where “the flaw lies in [the] patent
2 rather than in [the] pleading”), *aff’d*, 655 F. App’x 848 (Fed. Cir. 2016).

3 As to the claims against the Individual Defendants for infringement of the ‘668 patent, any
4 leave to amend should be conditioned on Samba paying a portion of Defendants’ fees and costs of
5 bringing this motion. *See, e.g., Logic Devices, Inc. v. Apple, Inc.*, No. C 13-02943 WHA, 2014
6 WL 60056, at *3 (N.D. Cal. Jan. 7, 2014) (conditioning any leave to amend following dismissal
7 under Rule 12(b)(6) on payment of defendant’s fees and costs of bringing motion to dismiss); *see*
8 *also Gen. Signal Corp. v. MCI Telecommc’ns Corp.*, 66 F.3d 1500, 1514 (9th Cir. 1995) (“[A]
9 district court, in its discretion, may impose costs pursuant to Rule 15 as a condition of granting
10 leave to amend in order to compensate the opposing party for additional costs incurred because the
11 original pleading was faulty.”). When Samba filed its proposed amended pleading, Samba had the
12 benefit of nearly 450,000 Alphonso documents. Roddy Decl. ¶ 9. Samba is and has been
13 represented by competent and experienced counsel who are well-versed in the applicable pleading
14 standards for patent cases. *Id.* ¶ 10 and Exs. 3-4. And, Samba was even on notice that Alphonso
15 would oppose the addition of the Individual Defendants to this suit. ECF No. 141 at 6. Given its
16 access to ample discovery, competent counsel, and advance notice that its pleading would be
17 challenged, Samba both could and should have pleaded in the FAC any additional facts Samba
18 may now attempt to proffer in support of its claims and any leave to amend should be conditioned
19 on payment of the Individual Defendants’ costs of moving to dismiss these claims.

20 **CONCLUSION**

21 For the foregoing reasons, Counts II-VIII of the FAC should be dismissed.

22 DATED: July 27, 2017

QUINN EMANUEL URQUHART &
SULLIVAN, LLP

24 By /s/ Claude M. Stern

25 Claude M. Stern

26 *Attorneys for Defendants*

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ATTESTATION

I, Valerie Roddy, am the ECF User whose ID and password are being used to file Defendants' Notice of Motion and Motion to Dismiss Plaintiff's First Amended Complaint and Memorandum of Points and Authorities in Support Thereof. In compliance with Civil Local Rule 5-1(i)(3), I hereby attest that Claude M. Stern concurred in this filing.

DATED: July 27, 2017

/s/ Valerie Roddy
Valerie Roddy